

Message Text

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44

ACTION L-03

INFO OCT-01 AF-06 ISO-00 OPIC-03 EB-07 AID-05 SSO-00 /025 W

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O 131610Z APR 76

FM AMEMBASSY LUSAKA

TO SECSTATE WASHDC IMMEDIATE 3147

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FOR S. WHILDEN, L/M

EO 11652: N/A

TAGS: CFED

SUBJECT: TAW EQUIPMENT SALES

REF: STATE 083153

1. ON MARCH 25, PRIOR TO EMBASSY RECEIPT REFTEL, TAW REP GASTOR OTHIENO PROVIDED FOLLOWING BREAKDOWN OF EQUIPMENT SALES AND PRICES RECEIVED (DOLLAR EQUIVALENTS IN PARENTHESES):

A. TAW SOLD TEN TRACTORS AND TEN TRAILERS TO YANJANANI HOLDINGS LTD. ON JULY 4, 1975, ANOTHER 12 TRACTORS AND 18 TRAILERS TO SAME FIRM SEPT. 22, 1975 AND 28 TRACTORS AND 30 TRAILERS ON JAN 10, 1976. TAW RECEIVED FROM YANJANANI A TOTAL OF KWACHA 200,000 (\$312,000) FOR ALL THE ABOVE EQUIPMENT (50 TRACTORS AND 58 TRAILERS). WE DO NOT HAVE INFORMATION ON PRICES PAID FOR EACH SPECIFIC TRANSACTION.

B. ON JAN 31, 1976 WILLIMA TRANSPORT PURCHASED ONE TRAILER AND ONE TRACTOR FOR KWACHA 20,000 (\$31,200).

C. ON MAR 25, 1976 O. AND W. HAULAGE TRANSPORT PURCHASED ONE TRACTOR AND ONE TRAILER FOR KWACHA 20,000 (\$31,200).

D. SPEARHEAD LTD. PURCHASED ONE TRACTOR/TRAILER COMBINATION ON OCT 30, 1975 AND A SECOND TRACTOR/TRAILER UNIT ON DEC 12, 1975 FOR TOTAL PRICE OF KWACHA 32,000 (\$52,900).

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E. A.P.G. SLOUTS PURCHASED A TRAILER UNIT ON JAN 30, 1976
FOR KWACHA 6,000 (\$9,360).

F. P. BUSAN PURCHASED A SINGLE TRAILER UNIT ON JAN 30, 1976
FOR KWACHA 3,000 (\$4,700).

2. TOTAL PROCEEDS FROM SALE OF 60 RPT 60 TRACTORS AND 58 RPT
58 TRAILERS TO SIX BUYERS WAS THEREFORE KWACHA 281,000
(\$438,360). IT IS NOT CLEAR WHETHER CUSTOMS DUTY HAS BEEN
PAID BY TAW OR BY PURCHASER.

3. YANJANANI HOLDINGS WAS REGISTERED AND INCORPORATED ON
APR 29, 1975 WITH NOMINAL CAPITAL OF KWACHA 50,000. THE
FIRM'S FILE AT THE COMPANY REGISTRAR CONTAINS A NOTICE THAT A
BARCLAYS BANK DEBENTURE CERTIFICATE FOR KWACHA 170,000 WAS
ISSUED ON NOV 25, 1975. UNDER ZAMBIAN LAW A PRIVATE LIMITED
LIABILITY COMPANY IS FORMED WHEN TWO OR MORE INDIVIDUALS
SIGN A MEMORANDUM OF ASSOCIATION AND COMPLY WITH
REQUIREMENTS OF COMPANIES ACT. IN YANJANANI CASE, SECOND
DIRECTOR IS MR. JACOB NYONI, WHO IS NOT KNOWN TO EMBASSY.
COMPANIES ACT TREATS SHAREHOLDERS OR PRIVATE COMPANY AS SINGLE
MEMBER. THUS WE ARE UNABLE TO DETERMINE SHARE OF OWNERSHIP
BETWEEN NYONI AND ZULU. UNDER ZAMBIAN PRACTICE EACH WOULD
ACT AS BRITISH MODEL MANAGING DIRECTOR AND SHARE OWNERSHIP.

4. NONE OF THE OTHER FIVE FIRMS OR INDIVIDUALS ARE REGISTERED
WITH THE MINISTRY OF COMMERCE AND WE HAVE NO INFORMATION ON
OWNERSHIP OR POSSIBLE INVOLVEMENT OF ZULU IN ANY OF THESE
FIRMS. SPEARHEAD LTD. IS POSSIBLY A KENYAN-BASED COMPANY.

5. IN A NEWSPAPER ACCOUNT OF AN INTERVIEW WITH OTHIENO, THE
APRIL 11 ZAMBIA DAILY MAIL QUOTED HIM AS SAYING THE EQUIPMENT
WAS BEING SOLD BY TENDER AND THAT THE COST OF A NEW TRUCK IN THE
US WAS K32,000 (\$49,900). OTHIENO ESTIMATED TAW HAD STOCKS
OF SPARE PARTS VALUED AT KWACHA 160,000 (\$249,600) (WE HAVE
NO INFO ON DISPOSITION OF EXCESS SPARE PARTS). HE STATED TAW
WAS SPENDING KWACHA 3,000 PER MONTH FOR INSURANCE,
STORAGE, SECURITY, AND MAINTENANCE AND THAT TAW
EMPLOYED TWO MECHANICS TO RUN THE ENGINES TWICE A WEEK.

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6. ASSUMING VEHICLES ARE IN GOOD MECHANICAL SHAPE,
EMBASSY BELIEVES, BASED ON DISCUSSIONS WITH TRANSPORT INDUSTRY
OFFICIALS, A FAIR VALUE OF EACH TRACTOR WOULD BE MINIMUM OF
KWACHA 25,000 (\$39,000). TRAILERS SHOULD SELL IN RANGE OF KWACHA
4-8,000 (\$6,200 - \$12,400).

DECONTROL AFTER RECEIPT.
WILKOWSKI

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